# The South Carolina Department of Health and Human Services (SCDHHS)

# Announces Use of National Correct Coding Initiative (NCCI) on a

# Prepayment Basis Beginning September 27, 2011

***See Pages 4 - 9 for New FAQs ***

The Patient Protection and Affordable Care Act, (H.R. 3590) Section 6507 (Mandatory State Use of National Correct Coding Initiative (NCCI), requires State Medicaid programs to incorporate "NCCI methodologies" in their claims processing systems by October 1, 2010.

## NCCI Background

Initially, National Correct Coding Initiative (NCCI) was developed by CMS for Medicare Part B claims and is now being implemented for state Medicaid programs.

NCCI was developed by CMS for the purpose of preventing overpayments to providers due to incorrect code combinations or units of service (UOS) on the same date of service by the same provider in excess of what is normally considered to be medically necessary.

NCCI consist of two types of edits:

1) NCCI Procedure-to-Procedure (PTP) edits: These edits define pairs of HCPCS/CPT codes that should not be reported together for a variety of reasons. These edits consist of a column one code and a column two code. If both codes are reported, the column one code is eligible for payment and the column two code is denied. In some instances, an appropriate modifier may be added to identify that services are eligible for payment.

2) Medically Unlikely Edits (MUE): These edits define for each HCPCS/CPT code the number of units of service that is unlikely to be correct. The units of service that exceed what is considered medically necessary will be denied.

It is important to understand, however, that the NCCI does not include all possible combinations of correct coding edits or types of unbundling that exist. Providers are obligated to code correctly even if edits do not exist to prevent use of an inappropriate code combination. Should Providers determine that claims have been coded incorrectly, they are responsible for contacting SCDHHS.

Providers should refer to the Centers for Medicare & Medicaid Services (CMS) website at http://www.cms.gov/MedicaidNCCICoding/ for correct coding guidelines and specific applicable code combinations.

## FAQs NCCI

**Q1: What is the National Correct Coding Initiative (NCCI)?**

**A:** The National Correct Coding Initiative (NCCI) (also known as CCI) was implemented to promote national correct coding methodologies and to control improper coding leading to inappropriate payment. NCCI code pair edits are automated prepayment edits that prevent improper payment when certain codes are submitted together.

In addition to Code Pair edits, the NCCI includes a set of edits known as Medically Unlikely Edits (MUEs). An MUE is a maximum number of Units of Service (UOS) allowable under most circumstances for a single Healthcare Common Procedure Coding System/Current Procedural Terminology (HCPCS/CPT) code billed by a Provider.

**Q2: Why would a Health Care Professional, Supplier, or Provider Use the NCCI Web Page, Tables, and Manual?**

**A:** Accurate coding and reporting of services are critical aspects of proper billing. Services denied based on NCCI code Pair edits or MUEs may not be billed to patients. The NCCI tools found on the Centers for Medicare & Medicaid Services (CMS) website (including the "Medicaid NCCI Coding Policy Manual") help Providers avoid coding and billing errors and subsequent payment denials.

**Q3: How Up-to-Date are the NCCI Tables?**

**A:** The tables are updated quarterly and loaded into the Medicaid claims payment processing systems and onto the CMS Medicaid NCCI web pages.

**Q4: How do Physicians and Hospitals (Facilities) locate the NCCI Tables/Manuals?**

**A:** The PTP Code Pair edits, MUE tables, and NCCI manual are accessed at *http://www.cms.gov/MedicaidNCCICoding/* on the CMS website.

**Q5: How do Physicians and Hospitals (Facilities) use the NCCI Tables?**

**A:** NCCI is comprised of two Provider-type choices of Code Pair edits and three Provider-type choices of MUEs:

Code Pair Edits

Medicaid NCCI PTP Edits for Practitioner Services: These code pair edits are applied to claims submitted by Physicians, Non-Physician Practitioners, Ambulatory Surgery Centers (ASCs), Independent Laboratory and X-Ray Facilities.

Medicaid NCCI PTP Edits for Outpatient Hospital: This set of Code Pair edits is applied to Outpatient Hospital claims with a Reimbursement Type of 4/Treatment, Therapy, Testing MUEs.

Medicaid MUE Edits for Practitioner Services: For Practitioner claims regardless of site of service including DME billed by Practitioner, Practitioner MUE edits are applied. For Ambulatory Surgical Center, Independent Laboratory and X-Ray Facility claims, Practitioner MUE edits are applied.

Medicaid MUE Edits for Durable Medical Equipment (DME) Provider Services: For DME billed by Suppliers, not Practitioners or Hospitals, Durable Medical Equipment (DME) MUE edits are applied.

Medicaid MUE Edits for Outpatient Hospital Services: For Outpatient Hospital claims with a Reimbursement Type of 4/Treatment, Therapy, Testing including DME billed by Hospital, Outpatient Hospital MUE edits are applied.

**Q6: How do you know when an appropriate modifier may be used?**

**A:** Modifiers may be appended to HCPCS/CPT codes only if the clinical circumstances justify the use of the modifier. A modifier should not be appended to a HCPCS/CPT code solely to bypass an NCCI edit if the clinical circumstances do not justify its use.

In the modifier indicator column, the indicator 0, 1, or 9 shows whether an NCCI-associated modifier allows the code pair to bypass the edit. The following Modifier Identifier Table provides a definition of each of these indicators.

**Modifier Indicator Table**

| Modifier Indicator | Definition |
|---|---|
| 0 (Not Allowed) | There are no modifiers associated with NCCI that are allowed to be used with this code pair; there are no circumstances in which both procedures of the code pair should be paid for the same patient on the same day by the same provider. |
| 1 (Allowed) | The modifiers associated with NCCI are allowed with this code pair when appropriate. |
| 9 (Not Applicable) | This indicator means that an NCCI edit does not apply to this code pair. The edit for this code pair was deleted retroactively. |

NCCI Associated Modifiers: 25, 27, 58, 59, 78, 79, 91, LT, RT, E1, E2, E3, E4, FA, F1, F2, F3, F4, F5, F6, F7, F8, F9, LC, LD, RC, TA, T1, T2, T3, T4, T5, T6, T7, T8, and T9 are modifiers that Providers may append to the column one or column two codes of a code pair edit. If an NCCI edit has a modifier indicator of "1", both the column one and column two codes are eligible for payment if one of these modifiers is appended to either code of the code pair edit.

**Q7:** How will this new change affect Providers?

**A:** Upon implementation of NCCI edits Providers will start seeing *Denial Reason Code/Adjustment Reason Codes for NCCI* on their Remittance Advice.

**Q8:** How can I as a Provider of service prepare and educate myself and my staff regarding Medicaid NCCI?

**A:** Providers should refer to the Centers for Medicare & Medicaid Services (CMS) http://www.cms.gov/MedicaidNCCICoding/ for correct coding guidelines and specific applicable code combinations. Provider may also want to refer to Medicare's "How to Use THE NATIONAL CORRECT CODING INITIATIVE (NCCI) TOOLS at: https://www.cms.gov/MLNProducts/downloads/How-To-Use-NCCI-Tools.pdf . This tool explains NCCI and how to use the NCCI tables to find correct coding policies.

*****New FAQs Added 10/4/2011*****

**Q9: If a provider needs information in addition to what is shown on the SC Medicaid Remittance Advice, how do they obtain it?**

**A:** SCDHHS is partnering with Health Management Systems Inc. (HMS) to perform NCCI edits. Providers can go to the HMS Web Portal to see detailed information regarding the code pair and the regulation for the edit. To access the HMS Web Portal, providers will need to register by going to https://ecenter.hmsy.com/

Once a provider is registered, they will be able to sign on to the HMS Web Portal to see the claim and line(s) generating the edit as well as the regulation which is the basis for the edit.

**Q10: What provider types will be edited for NCCI?**

**A:** Physicians and non-physician practitioners, ambulatory surgical centers, outpatient hospitals, durable medical equipment providers, and independent lab and x-rays. (The following are considered non-physician practitioners: marriage and family therapist, professional counselor, independent social worker, audiologist, nurse midwife, nurse anesthetist, psychologist, speech therapist, physical therapist, occupational therapist, nurse practitioner, physician assistant, optician, optometrist, podiatrist, and chiropractor.)

**Q11: Does NCCI apply to pharmacy billing for Medicare primary patients?**

**A:** NCCI edits are not currently applied to pharmacy claims OR Medicare primary claims.

**Q12: Do NCCI edits apply to SC Department of Mental Health clinics.**

**A:** At this time, they do not apply to mental health clinics. A provider bulletin will be released if additional provider types are added to NCCI edits. See Q10 for a detailed list of provider types for which NCCI edits apply. Providers should review this list to determine if they are billing for any of these provider types.

**Q13: Do NCCI edits apply to FQHCs and RHCs?**

**A:** At this time, they do not. See Q10 for a detailed list of provider types for which NCCI edits apply. A provider bulletin will be released if additional provider types are added to NCCI edits. However, it is important to note that FQHCs and RHCs are enrolled with SC Medicaid as multiple provider types. While the edits do not currently apply to the FQHC or RHC clinics, they do apply to all provider types described in Q10 and if claims are filed by an entity for any of these provider types, the NCCI edits will apply.

**Q14: Do these edits apply to home health claims?**

**A:** At this time, they do not. See Q10 for a detailed list of provider types for which NCCI edits apply. A provider bulletin will be released if additional provider types are added to NCCI edits.

**Q15: Can I use a modifier to get a Procedure to Procedure edit approved?**

**A:** Modifiers that may be used under appropriate clinical circumstances to bypass an NCCI edit include:

Anatomic modifiers: E1-E4, FA, F1-F9, TA, T1-T9, LT, RT, LC, LD, RC
Global surgery modifiers: 25, 58, 78, 79
Other modifiers: 27, 59, 91

It is very important that NCCI-associated modifiers only be used when appropriate. In general these circumstances relate to separate patient encounters, separate anatomic sites or separate specimens. (See subsequent discussion of modifiers below.) Most edits involving paired organs or structures (e.g., eyes, ears, extremities, lungs, kidneys) have modifier indicators of "1" (see Q6) because the two codes of the code pair edit may be reported if performed on the contra lateral organs or structures. Most of these code pairs should not be reported with NCCI-associated modifiers when performed on the ipsilateral organ or structure unless there is a specific coding rationale to bypass the edit. The existence of the NCCI edit indicates that the two codes generally cannot be reported together unless the two corresponding procedures are performed at two separate patient encounters or two separate anatomic locations. However, if the two corresponding procedures are performed at the same patient encounter and in contiguous structures, NCCI-associated modifiers generally should not be utilized.

**Q16: What new NCCI edits will SCDHHS assign to claims?**

**A:** 591(CARC-236, RARC-N431)-NCCI procedure code combination not allowed-Deny column 2 procedure.

592 Informational Edit-NCCI procedure code combination not allowed-Adjust column 2/Pay column 1 procedure.

605-(CARC –B5, RARC-N362) Medically Unlikely Edit (MUE)-Units of service exceed limit.

**Q17: Can I send medical records and letter from the physician showing medical necessity to get MUEs paid?**

**A:** SCDHHS is required to follow NCCI guidelines and does not foresee a great need for this. However, should the provider feel there are extenuating circumstances that warrant additional review, appropriate medical records can be sent for consideration.

**Q18: Is this the new portal for Web Tool. The training in Charleston did not talk about a separate portal for claims. Is this replacing ECFs.**

**A:** SCDHHS is implementing a new Web Tool that providers can use to file claims and to check eligibility, claim status and remittance advices. The HMS Web Portal is a separate application that will offer NCCI edit information in addition to what is provided on the SCDHHS remittance advice. The HMS Web Portal will have the claim and line generating the edit as well as the cited regulation which is the basis for the edit. Provider ECFs will continue to be included with the SCDHHS Remittance Advice.

**Q19: Will providers have to go to the HMS website to look for edits as well as the SCDHHS website to look for edits.**

**A:** The provider will continue to see all edits on the SCDHHS remittance advice found on the SCDHHS website. For procedure to procedure edits, the column 1 code is allowed and the column 2 code is not. The provider will see information regarding the column 2 claim on the DHHS remittance advice. If the provider would like information regarding the column 1 claim and the regulation for the NCCI edit, they will find this on the HMS Web Portal.

**Q20: Will providers continue to get their remittance advice through the DHHS Web Tool?**

**A:** Yes

**Q21: Please clarify the 592 denial. Will the entire claim that included the column 2 code be voided, or just the column 2 code?**

**A:** The entire claim will be voided.

**Q22: Will we still need to correct Medicaid rejects with the Error Correction Form/ECF?**

**A:** Providers always have the option of using the ECF to correct Medicaid rejects, or submitting a new claim with corrections. Providers can submit claims thru the SCDHHS Web Tool or independently with an 837 or hard copy.

**Q23: Will these edits appear on the ECFs as well as remittance advice?**

**A:** Informational edit 592 will only appear on the remittance advice since it is given as information to let the provider know why the column 2 claim is being voided. Since edit code 591 and 605 will reject the line, the remainder of the claim will be paid. No ECF is generated for a paid claim. If all lines on the claim are rejected with edit code 591 and/or 605, an ECF will be generated.

**Q24: Does it affect all dates of service 9/27/11 going forward or will it affect dates of service 10/1/11?**

**A:** NCCI edits will be applied to all claims processed on or after 9/27/11 when the date of service on the claim is on or after 10/1/2010. Please note this is 10/1/2010 NOT 10/1/2011. For the PTP edits, the current claim that is being processed will be compared to all claims paid for the same recipient, for the same date of service and rendering provider, regardless of their payment date.

**Q25: A male currently receives depo provera shots for a psychosexual disorder every two weeks. Do NCCI edits apply to this procedure?**

**A:** Please see Q4 below for the URL to access the CMS web site. Providers can check specific procedure codes here to see if an NCCI edit applies.

**Q26: We are a multi specialty practice and a patient is seen on the same day in different offices for different specialties, will the system know that these services were from 2 different providers if they use the same procedure code on the same date of service?**

**A:** NCCI PTP edits are assigned when the procedure is rendered by the same rendering provider, for the same recipient for the same date of service.

**Q27: Under the MUE edits, if the provider bills with more than the authorized units, will the whole charge deny or will the payer continue to reimburse the authorized units and deny all other excessive units billed.**

**A:** CMS guidelines require SCDHHS to reject the line with the MUE edit. Therefore, no units will be paid.

**Q28: Will SC Medicaid accept modifiers such as 59 with CPT codes in order to justify medical necessity of the code set?**

**A:** Please refer to Q15.

**Q29: Will NCCI denials be specific to a line item or will the entire claim deny?**

**A:** Edit codes 591 and 605 will be specific to a line. The line will deny and any remaining payable lines on the claim will pay. Informational edit 592, is assigned when the column 2 claim paid first and the column 1 claim is now processing for payment. When 592 occurs, the entire column 2 claim will be voided and the column 1 claim will be paid.

**Q30: Are SC Medicaid HMOs using NCCI edits starting 9/27/11?**

**A:** All MCOs are currently following NCCI guidelines.

**Q31: We are a group of 10 MDs and NPs. Do we register for the HMS Web Portal as a big group or do we have to register individually for each provider.**

**A:** The provider can decide how they want to register.

**Q32: Where can we find allowable for each code.**

**A:** The Medicaid fee schedule can be found on the SCDHHS web site, http://www.scdhhs.gov/

The PTP and MUE edits can be found on the CMS web site,
*www.cms.gov/MedicaidNCCICoding/*

**Q33: Currently Medicaid only picks up one modifier. Will something be changed so that the second modifier will be seen during the initial processing of the claim.**

**A:** SCDHHS captures and stores four modifiers for both hard copy and electronic claims. Even though SCDHHS will continue to use the modifier in the first occurrence, all four modifiers will be provided to HMS and used by HMS for NCCI editing.

**Q34: Currently there are no frequencies or units of service on the recent Medicaid fee schedule. How will we know the maximum allowed for DME, orthotics and prosthetics?**

**A:** See Q32.

**Q35: Will money be taken back on the claims that may fail the edits with date of service after 10/1/2010 that have already filed and processed.**

**A:** If a provider has been reimbursed for a claim with a date of service on or after 10/1/10 and then the provider submits another claim for the same recipient and date of service, the later claim will be subject to NCCI edits. If the initial claim that was previously paid contains the column 2 procedure, the claim will be voided by SCDHHS.

**Q36: Will MUE quantity limits be incorporated into the SCDHHS fee schedule?**

**A:** There is no plan to do that at this time. Please refer to the CMS website,
*www.cms.gov/MedicaidNCCICoding/*

**Q37: Does SCDHHS allow independent laboratories providers to use modifiers 59 and 76.**

**A:** See Q15

**Q38: Is there an appropriate modifier to use when billing multiple services for DME, orthotics and prosthetic claims?**

**A:** See Q15

**Q39: In other states, we have problems getting the 99465, 99468, 31500 and 94610 paid even with the appropriate modifiers. What is the correct way to bill these when performed on the same day by the same provider.**

**A:** See Q15

**Q40: Will NCCI edits be performed on outpatient hospital claims, paid under Reimbursement Type 4, if the line is reimbursed by revenue code?**

**A:** No.  NCCI edits will only be performed on those lines that are reimbursed by procedure code.

**Q41:  Will NCCI edits be applied to the clinical lab codes?**

**A:** Yes

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